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Dianne Wampler 08/31/2006 12:19:16 PM From DB/Inbox: Dianne Wampler

Cable Text:

CONFIDENTIAL ANKARA 04998

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ACTION: ECON

INFO: AMB CONS PA RAO FAS MGT PMA FCS POL DCM

DISSEMINATION: ECON /1

CHARGE: PROG

APPROVED: AMB:RWILSON DRAFTED: ECON:TGOLDBERGER

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TO RUEHC/SECSTATE WASHDC PRIORITY 8272 INFO RUCNRAQ/IRAQ COLLECTIVE PRIORITY RUEATRS/DEPT OF TREASURY WASHDC PRIORITY RHEHAAA/NSC WASHDC PRIORITY

C O N F I D E N T I A L ANKARA 004998

SIPDIS

TREASURY FOR A/S LOWRY AND DAS SAEED EB FOR A/S SULLIVAN

E.O. 12958: DECL: 08/30/2016 TAGS: <u>PREL EAID EFIN TU IZ</u>

SUBJECT: TURKISH PARTICIPATION IN IRAQ COMPACT

REF: A. ANKARA 4132 ____B. PARIS 5657 _____C. BAGHDAD 3070

Classified By: AMBASSADOR ROSS WILSON. REASONS 1.5 (B) AND (D).

- 11. (C) In an August 28 meeting, Koray Targay, MFA's Ambassador-level coordinator of Turkish assistance to Iraq, expressed deep concern that Turkey had not yet been invited to join the core preparatory group drafting the "Iraq Compact." He said that this was a priority of the Ministry and senior Turkish officials and that Turkey had been very active in making its interest known to the Iraqis, World Bank, United Nations, and large donors. They continue to seek U.S. support, including in an August 24 meeting in Washington between EB A/S Sullivan and Turkish Ambassador Sensoy. (Targay was also in the ref a July 14 meeting in which MFA Undersecretary Tuygan raised Turkey's strong interest with A/S Sullivan.)
- 12. (C) Targay argued that limiting membership in the preparatory group to major (\$200 million plus) donors was artificial in that it excluded a large neighboring country like Turkey that has a key contribution to make to the success of the Compact. For example, of all the neighbors, only Turkey is in a position to transit the billions of dollars of material and equipment and to provide the necessary support facilities for the massive rebuilding operations being considered. Based on his senior position and 33 years of experience at the Ministry, Targay worried that if top Turkish officials felt rebuffed in their efforts to make a contribution, there is a real risk they would respond negatively and not provide the kind of active support the initiative would require from Turkey.

- ¶3. (C) Comment: According to Targay, an initial Compact drafting meeting is scheduled for September 10 in the UAE, but the UAE government is reluctant to host the meeting (as appears to be the case per ref c). He said Turkey would, if asked, be pleased to serve as host for this meeting. As Iraq's largest neighbor with a vibrant, globally oriented economy, Turkey has the potential to contribute substantially to the Compact's success, including financially (albeit at a lower level than \$200 million), politically and in providing materials, companies, transit, and tax and other concessions.
- 14. (C) Logistically, Turkey is the shortest and most convenient route between Iraq and Europe. It plays a substantial role in supplying energy to Iraq, tolerating large-scale arrears in the process, and has been more helpful than many countries on bottom line economic and political issues in Iraq. We believe that it would be a loss to U.S. interests if Turkey is alienated from this process and if, as Targay hinted, Iran were to use that to gain more economic and political influence in Iraq. Given the difficult decisions and forward-leaning role we are asking from Turkey in Lebanon and with Iran, as well as on a continuing basis with Iraq, strong U.S. support for Turkey's inclusion would be a low-cost way to bolster our relationship and to ensure that Turkey's contributions continue to be channeled in a positive direction. As we noted in ref a, it would also send a signal to Iran and Syria about their isolation from the international community on Iraq.

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WILSON